

DRAFT
WORKING PAPER

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1. REFERENCE DATA:

Meeting, 17 December 1954, 0900 Hours

Room 2:11-L Building

2. SUBJECT: ADMINISTRATIVE PLANS

3. ORIGIN:

This meeting has been called by direction of the Chief of Operations, DD/P, to effect, at the operating level, upon a priority basis, if possible, clarification of certain areas of conflict in functional responsibility between DD/P and DD/A, as exemplified by language recently incorporated by PAPS, upon direction of TAS, in Administrative Plans. (See Reference, Para. 7.)

4. REPRESENTATIVES:

(a) Representatives at this meeting are to function as a working level task group. In order to fix responsibility, PP/OPS/PP has been designated to chair the task group. Representatives are not necessarily confined to those listed below. It is imperative that all Agency elements with a direct or participating responsibility be represented, as the ultimate position, whether incorporating agreement or disagreement, is to constitute complete staffing and coverage of the problem.

(b) Representatives are free to suggest additional representation, as appropriate.

(c) The following are designated as the initial task group, subject to revision; as noted above, with alternates and/or additional personnel, as necessary:

A. DD/A:

(1) D/Comptroller:

(2) TAS:

(3) BD:

(4) PAPS:

B. DD/P:

(1) DD/P-Admin:

(2) FI Staff:

(3) PP Staff:

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5. OBJECTIVE:

The participating representatives are charged with responsibility to examine the problem in terms as listed below and to formalize the operating level positions of both DD/A and DD/P, whether they be in agreement or not:

- (a) Discharge of responsibilities under existant procedures.
- (b) Any necessity or justification for change or expansion of existant procedures.
- (c) Any necessity or justification for implementation of new procedures.
- (d) Confirmation or establishment of specific responsibility to:
 - (1) Interpret existant authority inherent in currently approved operational projects.
 - (2) The approval level to be employed for authorization of adjustment of budget data within currently approved objectives, proposals and funds.

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6. TARGET DATE:

Close of business December 22, 1954 is established as a target date for the task group to formalize positions and recommendation in terms of the objective stated above.

7. REFERENCE:

Quoted below is the specific language constituting the basis of controversy:

"The area division shall prepare annually, prior to submission of the project for approval, an itemized operating budget for the project. The entire estimated expenses of the project will be detailed in this budget. After approval of the project, the budget shall be conformed with the amount of the project approval. A copy of this budget shall be forwarded to the Office of the Comptroller where it will be reviewed in order to assure that the budget is adequate to the needs of the project and that the budgeted funds are (a) within the authorized amount of the project approval and (b) for activities within the scope of the approved project outline."

Any within-year revision of a category in the annual budget in excess of 20 % or material change in the scope of the project activity shall, in each case, be referred to the Office of the Comptroller for a determination as to whether the applicable project or program approval will permit such revision or material change without reference to the project approving authority."

8. AREA OF CONFLICT:

An area of conflict is generated by inclusion of reference language in Administrative Plans as it charges DD/A elements with functional responsibilities directly duplicating established DD/P responsibilities related to conduct of the Agency Approval System and to exercise of the "line-command" principle and related Staff functions in the conduct of operations, as outlined below (Para. 9.).

9. EXISTING PROCEDURES

a. Annual Operational Program Exercise:

This exercise, as performed for the past two fiscal years, is an established device to formally appraise Agency elements of the operational requirements in terms of men, money and materials. Upon approval, subject to the availability of funds, operational programs constitute the primary frame of reference for total program as well as individual project summary control. The exercise of this control is performed upon a day to day basis through tight lateral relationships between the appropriate Senior Staff, DD/P-Admin, and the Office of the Comptroller, through the Budget Division. Every PP or PM project proposal, whether a new project or amendment of a continuing activity, which alters the total authorization of funds either up or down, is integrated into this control, prior to presentation to the approving authority. The inclusion in Administrative Plans of a requirement for the filing with the Comptroller of annual budgets for projects either superimposes another procedure and administrative document or fails to recognize existent procedures and coordination exercised (see also project procedures, below).

b. PP and PM Project Approval Procedure:

(1) Format

The need for specificity in project outlines, including budget data, was recognized long ago. Agency Notice [redacted] dated 27 July 1963^{25X1A} was preceded by 12 months of research within DD/P before it was adopted as the standard format for the presentation of all Agency project proposals to the Project Review Committee. With the exception of a numerically few large operations, for which special review, presentation and audit procedures have been employed either by direction of or with the concurrence of DD/A, and a few "sensitive operations", which are excluded as special treatments not conducted in conformance with the existent procedures outline below, all PP and PM projects are documented in this format.

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(2) Coordination:

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The coordination process on PP and PM project proposals is extensive and comprehensive. In addition to those covering policy, substantive review, necessity, feasibility, capabilities, cover, security, operational concept and integration into the program control of current fiscal funds as noted above, all subsidy or proprietary operational proposals are lateraled to PAPS to determine the status relative to a new, existant or revised administrative plan. The position of PAPS, upon the concurrence of DD/P-Admin, is reflected in the conditions of approval. It should be noted that budget data is reviewed extensively during this process, converted frequently from an academic or claudar budget to a more realistic fiscal budget, in terms of operational phasing and capabilities.

(3) Approval:

(a) The approval level required for new project proposals has been clearly defined in terms of the total current fiscal year funds required.

(b) Authority for continuation of approved operational projects into ensuing fiscal years has been inherent in the approval by the DCI, upon recommendation of the PRC, of the Annual Operational Programs. As the Operational Programs are designed to function as a Budgeting Document, and the Office of the Comptroller is one of the principal participants in the preparation, analysis and use of this document, any requirements of that office for additional budget data should be part of that process. The number of projects by actual count to which this might apply is a very small percentage of the total number of PP and PM projects.

(c) Continuing projects requiring funds during the fiscal year in excess of those earmarked within the approved Operational Program (and above the level of authorization delegated to DD/P) require approval of the DCI, irrespective of the previous authorization. Such requests receive full staffing, as noted above, including coordination

with both the Budget Division and with PAPS, when the need is indicated.

(4) PP and PM Project Renewal:

The entire PP and PM project process is conducted in terms of fiscal years. Certain deficiencies of the Operational Program procedure as the sole device for the extension of continuing operations into ensuing fiscal years were redognized. It was also recognized as neither necessary nor practical to demand a complete new project presentation for renewal every year. A renewal process was incorporated in the FY 1955 Operational Program instruction wherein all PP and PM continuing projects are renewed in full project outline format, with complete staffing and coordination as indicated above, every other year, employing the Program Procedure for continuation in the off years. This is a DD/P requirement, initiated in the absence of any procedure requiring such review at higher level. Every staff and operational element involved in this process, including PAPS and the Budget Division, has been able to contribute substantially to the approximately 180 project renewals effected to date and is expected to perform the same duties on approximately 200 more currently scheduled for renewal under this procedure. Neither Headquarters, Staffs, operating divisions nor overseas facilities have the capabilities to re-process the entire PP-PM operations every year in full project format, nor is such review either necessary or practical at this time. The budget data alone is not a significant factor in the process of review. A regular review is systematically conducted as a continuing and cumulative analysis of operational reporting, as reflected in the monthly project status reports.

(c) Administrative Plans

C. Administrative Plan Procedure:

(1) [REDACTED] of the C. F. R. prescribes the Administrative Plan as the Agency device to be employed for the "planned and considered waiver or modification of Agency regulations for specific projects to the extent considered necessary and desirable" ----- "which will ensure optimum standards of sound administration compatible with the operational circumstances of each specific project."

(2) In the absence of a manual issuance other than [REDACTED] of the C. F. R.,^{25X1A} defining more specifically the purpose, scope, content and objective of Administrative Plans, it would appear that the primary purpose is to outline a system of audit and accountability to be employed on the specific project to which it applies in terms of support by DD/A of the operations involved, compatible with the circumstances of the operations.

(3) It is the position of DD/P that an inflexible budget is not compatible, with the conduct of operations and ^{for} provisions for the authorization of deviations, within total budget, is an operational necessity. Interpretation of the existent authority and/or the revision of such authority at the proper level is an operational responsibility confined to the command and/or approval line. The exercise of this responsibility is tied into support channels through concurrent coordination as noted in the existent program/project procedures.

10. INTERPRETATION OF AUTHORITY:

a. It is absolutely necessary that operating divisions have a single point from which to seek interpretation of the authority inherent in an existent approved project. The degree of re-direction of funds within the total approved project budget is only one of a number of considerations entering into such interpretations. This has been an operational responsibility of the appropriate Senior Staff within DD/P and is so included in the statements of functions.

b. It is recognized that operations cannot always be precisely anticipated in terms amenable to an inflexible budget. Where there is no alteration of the approved objective and basic proposal and a minor

no - PRC
has an
interest in
projects which
it approves
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deviation within the approved project as a frame of reference is involved, the decision for redirection of funds is primarily an operational responsibility and cannot be encumbered by a concurrent or post-facto determination within DD/A, as implied by referenced (Para. 4.) provisions being incorporated in Administrative Plans. If this responsibility is to be placed upon the Office of the Comptroller, then that office must be prepared to discharge this responsibility upon a constant and immediate readiness state at all times, concurrent with the operational decision, if operations are not to be seriously impaired.

II. BACKGROUND:

The Director, in the course of recent Staff meetings, has requested assurance from the Deputy Directors on the following:

- a. That a specific individual or individuals are directly charged, by name, with full financial responsibility for each approved operational project on the expenditure and accountability of funds.
- b. That these expenditures conform with the approved project in terms of objective, proposal and currently authorized fiscal year funds.

12. CONCLUSIONS:

- a. It must be recognized that there are two existant procedures, both of which contribute to the status of current authorization, the Operational Program and the complementary Project Approval and/or Renewal Procedure.
- b. Precise control is exercised in total terms upon a continuing basis, as noted above.
- c. Unanticipated requirements for re-direction of funds are analyzed in terms of existant authority prior to concurrence and/or approval.
- d. Existant procedures affect lateral coordination, through the Budget Division, with the Office of the Comptroller as S.O.P., concurrent with substantive review, concurrence and/or approval.

13. RECOMMENDATIONS:

It is the position of DD/P, in the light of existant procedures, as outlined above, that:

a. Referenced language (Para 7.) should be deleted in its entirety from Administrative Plans, for the following reasons:

- (1) A direct duplication of function is generated.
- (2) An operational liability is placed upon support elements.
- (3) Existant approval procedures include the requested coordination with the Budget Division.

b. Administrative Plans are complementary to the authority inherent in the approved project outline in terms of support only, and the inclusion of operational data, as presently practiced presents a security hazard in terms of distribution.

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